MESSAGE OF THE GOVERNOR

RELATIVE TO

THE PUBLIC DEBT

AND THE

FINANCES OF THE STATE.

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MESSAGE.

To the Senate and House of Representatives of the Commonwealth of Pennsylvania:

GENTLEMEN:—I had intended, immediately after my induction into office, to communicate with you on the subject of the public debt, and to exhibit the actual financial condition of the Commonwealth at that period. After the necessary examination, however, I discovered that I could not do so with that precise accuracy which should characterize the statements of an official communication. There are outstanding debts on the public works, unpaid claims, and balances of appropriations for last year, the amount of which could not be ascertained in time for this purpose. I am therefore, I regret to say, compelled to forego the performance of this duty, until the meeting of the next Legislature. I cannot, however, refrain from expressing the views I entertain, and the anxiety I feel on a few subjects connected with the financial and other affairs of the State.

There is now due and unpaid two millions four hundred and ninety-one thousand two hundred and fifty-five dollars of the bonds of the Commonwealth, bearing an interest of six per cent., and a balance of near one hundred thousand dollars due to domestic creditors, bearing a like rate of interest, besides one million three hundred and ninety thousand, at five per cent; over two millions will fall due in 1853, and about three millions in 1854.

I respectfully suggest to the Legislature the propriety of making provision for the cancellation of these matured bonds, and such as may fall due during the coming year, by authorizing the State Treasurer to negotiate loans for that purpose, and issue the bonds of the Commonwealth, re-imbursable at the expiration of ten or fifteen years, at a rate of interest not exceeding five per cent., with interest certificates attached, or in the usual form as may be deemed proper. The present reduced rates of interest in Europe, and the abundance of money in the principal cities of this country, affords ample assurance that such loans can be negotiated at a rate of interest much below that which the State is now bound to pay on these matured bonds. I am fully satisfied, by information which has reached me through private as well as public sources, that the bonds of the State exempted from taxation, could be negotiated at such rate of interest, as to amount to a very desirable saving to the Treasury. It is not so much the present rate of tax on the bonds that would injure the value of new ones, as the sensitive apprehension entertained by capitalists, that such rate of taxation might, at some future time, be increased. Besides these inducements to cancel the matured bonds, we should not forget that it is not befitting a great and prosperous State like Pennsylvania, to have a matured and unpaid debt resting upon her. Such a state of affairs is not consistent with her dignity and her pride, and is well calculated to have an injurious effect upon her credit. Her ability to pay cannot be doubted, and the fidelity with which her people have ever responded to every reasonable demand to sustain her credit, has excited unlimited confidence in her integrity amongst the capitalists of this country and Europe. I therefore, most respectfully, submit this subject to your consideration.

The receipts into the Treasury for the year 1851, deducting the temporary loan of $98,200, amounted to $4,472,393 93, and the expenditures for the same year to $4,780,667 53, or $308,363 40 more than the whole receipts. In this expenditure is included $185,138 91, which was paid to the Commissioners of the Sinking Fund, and cannot, therefore, be properly regarded as an expenditure, as it was used to cancel a like amount of the funded debt, leaving an actual balance against the Treasury of $123,225 49.

After full consultation with the financial officer of the State, and a careful examination of the data which he has kindly placed within my reach, I have arrived at the conclusion, that the receipts and expenditures for the current year may be estimated as follows, to wit:—Receipts $4,325,000, expenditures $4,027,000, leaving a balance of receipts over expenditures of $298,000, including in this expenditure an estimated payment to the Commissioners of the Sinking Fund of $220,000 But it should be observed, that in the expenditures for last year, there is included the sum of $442,196 applied to the North Branch canal, and $30,000 for the inclined planes on the Portage road and the Western reservoir, making in all $472,196 expended on new work during the last season. It will be seen, however, by reference to the State Treasurer's report, that the balance in the Treasury on the first of December, 1850, was $754,252 81, whilst at the same period of the year 1851, the balance was but $543,979 21, being a difference against the Treasury for this year, of $210,252 60, which sum, together with the $300,000 of temporary loan, to be paid out of the receipts of the present year, amount to $510,252 60, being $38,155 60 more than all the payments for new work, and on this data the balance in the Treasury at the end of this year, is reduced to $259,844 40. Thus it will appear, that should no accident occur to the public works during the present season, we may reasonably anticipate a surplus revenue of between two and three hundred thousand dollars. Should the improvements, however, be visited by any thing like the extent of damage which befell them during the last year, this balance would be reduced to a sum too meagre to deserve notice. It is, therefore, apparent that we cannot rely upon the surplus revenue of the Treasury during the current year, for the means to prosecute the work on the North Branch canal and the Portage railroad with that vigor which the interest of the State seems to demand.

I remarked at the time of my induction into office that I regarded the speedy completion of the North Branch canal as consistent with the truest principles of economy. The examination which I have given the subject since that time, has tended greatly to increase my confidence in the truthfulness of that declaration. In this view, I seem to concur in opinion with my able and experienced predecessor, who took occasion to recommend this subject to the favorable consideration of the Legislature in his last annual message. The policy of resuming the prosecution of this work is no longer an open issue, and need not now be discussed. This question was settled by the Legislature of 1849; since which time about $650,000 have been expended on the work; all of which, together with two and a-half millions originally expended, and the amount of retained per centage, and the usual damages to the contractors on the abandonment of the work, must be entirely lost, unless the canal be completed.

The whole length of this improvement is ninety-four miles; fifty miles of which are fully completed, and the remaining forty-four are under contract, or ready to put under contract so soon as the Legislature may make provision for the payment of the same. According to the estimate of William B. Foster, the experienced engineer on that line, $772,000 will be sufficient to complete it; and that should the means be promptly furnished, the whole line may be brought into use in the early part of the next season. Can it be doubted, for a moment, that the next annual receipts on this work will largely exceed the interest on this meagre sum? I am confident that those who have given the subject the least attention will not hesitate on this point. I confidently believe that they will not only do this, but that they will be sufficient also to pay the interest on the $650,000 expended since 1849, and on the two and a-half millions expended prior to 1841, and leave a balance to go into the treasury besides. I need not give you my reasons, in detail, for this opinion. The data on which it rests has been presented to you in more forcible terms than I could employ. It requires but a glance at the operations on the completed part of that improvement—at the vast district of country which would be supplied with anthracite coal through the medium of this canal—the rapidly increasing consumption of this article wherever it has been brought into use—to satisfy the most incredulous mind that the tonnage on this improvement must, in a few years, be almost equal to its capacity. Some twenty-five counties of the State of New York, rich, populous, and growing, em-

bracing a number of incorporated cities, now paying high prices for fuel, would be supplied with this article for domestic, mechanical, and manufacturing purposes; in return for which the canal would, to some extent, be freighted with salt, plaster, &c., &c. The growth of the anthracite coal business in the State is almost incredible. If we may be allowed to take this increase as a data on which to base an estimate of the future business of this canal, it will more than equal the expectations of its most sanguine friends. We can scarcely realize the fact that the operations in this article have grown from 800,000 tons in 1840, to near 4,500,000 tons in 1851, and in all probability the amount will exceed 5,000,000 for the current year!

If, then, it be so apparent that the income from this work will pay the interest on its cost and leave a surplus for the use of the Treasury besides, wise policy would seem to dictate its speedy completion. I most respectfully and earnestly urge upon you the favorable consideration of this subject at the earliest day possible. The time for doubt and delay, it seems to me, has gone by. This work must either be finished or over three millions of the people's money, already expended on it, must be thrown away. To depend upon the present means of the Treasury, would, I am confident, lead to vexatious and injurious delay. The sum necessary to complete it should, and, I am assured, can be obtained on a loan at a rate of interest not exceeding five per cent., re-imbursable at such period as the revenue therefrom shall have reached the amount of the interest and principal. I am aware that there is a proper sensitiveness in the minds of the people on this subject of borrowing money; and I am sure that I should not recommend any measure that would have the effect of increasing their burthens. But I sincerely believe that the tendency of this measure will be to lessen rather than increase them—that it is the best financial measure the Legislature can at present adopt—that its ultimate tendency will be to aid the Treasury in the liquidation of the present debt; certainly much more so than the alternative of allowing the sum already expended to be lost. The completion of this work will also give an impetus to the growth and prosperity of the northern portion of the State—would invite men and money into that rich section of the Commonwealth, and would be an act of justice to the people of that region who have ever, with a true spirit of loyalty and generosity, contributed their proper share towards sustaining the honor and dignity of the State.

The importance of prompt and efficient action on this subject cannot be overrated. The citizens of the State of New York, who intend to construct the connecting link between our improvements and the Chemung canal, in that State, should have early assurance that our improvement will be completed. Business men, who desire to operate on this line, will not make the proper arrangements to do so until ample provision is made for its completion. Every consideration of interest and economy, it seems to me, dictates prompt and efficient action on this question.

The avoidance of the inclined planes on the Allegheny Portage railroad was also commenced under the late administration, and, in my opinion, is a necessary work, and should be prosecuted to completion as rapidly as the means of the treasury will permit. It is an important link in our main line of improvements, and has ever been (and unless the planes are avoided, will continue to be) a source of heavy expenditure, great delay, and danger in the transportation of tonnage. The annual expenditures to keep these planes in order has been extremely heavy. It is estimated that near a hundred thousand dollars would be saved yearly in the expenses of this railroad were the use of the planes dispensed with. One hundred and seventy-five thousand dollars were appropriated for this purpose by the last Legislature. The old material on the road is counted at a value of $248,650. This, with the additional sum of $591,350, it is estimated by Mr. Faries, the engineer on that line, will accomplish this desirable end. I am also assured by the same officer, that with the necessary appropriation, four of the ten planes may be avoided during the coming season.

In connection with this subject, I need scarcely remark, that our main line of improvements is about to encounter a most powerful rival for the tonnage of the West in the Pennsylvania railroad, which work will probably be completed during the

year 1853. The avoidance of the planes will do more, I am confident, to strengthen the main line against this competition than any other improvement that can be made. I respectfully recommend this subject to your favorable consideration.

The absolute necessity for the expenditure of large sums of money to complete the improvements to which I have referred, will, I am confident, admonish you of the propriety of confining the appropriations to the lowest possible point that the public service and the interests of the State will permit, including nothing for which she is not legally and morally bound to provide. Rigid economy in the expenditures is indispensably necessary to sustain the credit of the State, fulfil the engagements she has already made, and meet the reasonable expectations of the people. The public improvements of the State are one of our principal sources of revenue, and should, at all times, receive the special care of the Legislature. Every proper effort should be made to increase the receipts and lessen the expenditures on these works. I have not had the opportunity of giving the subject of their management that thorough examination which is indispensably necessary to the formation of a correct opinion in reference to the details of their operation; but I have long entertained the opinion that no action of the Legislature could have a more salutary effect upon their management than the adoption of the cash system in paying for the labor and materials necessary to keep them in successful operation. It is, in my opinion, to the loose system of contracting debts now in practice, as much, if not more, than to any other defect in the present policy, may be attributed their failure to meet the expectations of the people as a source of revenue. The most vigilant efforts of the officers could not prevent the payment of exorbitant prices for labor and materials, if obtained on credit. The State always pays dearly for such accommodation. Besides, this custom affords the opportunity of most palpable imposition, if not actual frauds, upon the State. The very idea of a set of officers being allowed to throw the credit of the Commonwealth broadcast, to be taken up at some future period by somebody else, is almost startling. I regard it as a most dangerous policy, calculated to beget a spirit of careless prodigality in the management of public affairs, and to incite impositions upon the treasury. It should, in my opinion, be abandoned at the earliest day possible. I, therefore, respectfully suggest the propriety of fixing a period by law, after which the officers on the public works shall not be allowed to contract debts for any purpose whatever, directing the disbursing officers to make monthly statements of their accounts to the Canal Commissioners, showing the amount of money disbursed and the materials purchased, and requiring all outstanding accounts to be presented to the Canal Commissioners or Auditor General for settlement. Under a cash system, the actual indebtedness of the State could at all times be readily ascertained, which would be a great convenience for the Legislature, as well as a satisfaction to the people. In the introduction of a new system of this kind, care should be taken to place at the command of the proper officer the necessary means to carry it into operation.

It might be well, also, to take some action on the subject of claims for damages incurred in the construction of our public improvements. This subject should be finally disposed of. Although many years have passed by since the construction of these works, every year brings out some new item of this kind. Much of the time of the Legislature, and the Canal Commissioners, is occupied in the examination of these claims, and for the last ten or twelve years they have absorbed the means of the Treasury to the extent of from fifty to eighty thousand dollars annually. I am informed that claims are now being pressed for damages, which, it is alleged, the Commonwealth incurred more than twenty years since. It must be a most difficult task for the Canal Commissioners to ascertain all the facts in cases so long deferred. I suggest the propriety of disposing this subject by some summary mode of proceeding.

In conclusion, I beg to be indulged in a suggestion on the subject of special legislation. I am confident that the General Assembly will agree with me, that some reform on this subject is much needed. The volumes of our laws for the sessions of 1850 and 1851, compared with those of previous years, show that our legislation is

increasing to an alarming degree. By reference to these volumes for the years I have named, it will be seen that but a comparatively small portion of the laws they contain are of a general character, being mainly for local or private purposes. These volumes, when compared with the statutes enacted eight or ten years since, or with those annually enacted by Congress, or any of our sister States, swell into an astonishing magnitude. This evil is on the increase, and it seems to me that a remedy is imperiously called for. Much may be done to arrest this evil by the adoption of a few well digested general laws. For the purpose of attaining this desirable end, I respectfully suggest for your consideration, the propriety of constituting a commission of two or three experienced legal gentlemen, whose duty it shall be to prepare general laws to meet this object, to be submitted to the consideration of the next Legislature. I know from experience how difficult it is for the representatives of the people, after their arrival at the seat of government, to find the necessary leisure and privacy to enable them to prepare and digest intricate general laws. Each day seems to bring its labors upon them, and the session runs by before a subject of this kind can receive the necessary consideration.

The subject of regulating election districts, naming election houses, which annually occupies much of the time of the Legislature, and many pages of the Journal and Statute Books, might be safely confided to the commissioners of the respective counties.

The subject of divorces should, it seems to me, be left entirely with the courts; as well, also, as the whole subject of selling real estate by trustees, guardians, and those acting in a representative capacity. These measures, together with a few more general statutes, on the subject of corporations, would, I think, have a most salutary effect on legislation. As far as possible, our laws should be general; and those that are so, should be sternly maintained against special innovations.

WM. BIGLER

EXECUTIVE CHAMBER,
Harrisburg, March 25, 1852.